

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

IN THE MATTER OF THE APPLICATION OF)	
OWEN COUNTY RURAL ELECTRIC COOPERATIVE)	
CORPORATION FOR AN ORDER ISSUING A)	
CERTIFICATE OF PUBLIC CONVENIENCE AND)	
NECESSITY AND FOR THE AUTHORITY TO)	CASE NO. 9578
BORROW A SUM OF \$2,107,368 FROM THE)	
NRUCFC AND TO EXECUTE ITS NOTES AND)	
MORTGAGES TO SECURE SUCH LOAN)	

O R D E R

Owen County Rural Electric Cooperative Corporation ("Owen County") filed its application on May 9, 1986, for a certificate of convenience and necessity to construct certain improvements and additions to its existing plant, to install a supervisory control and data acquisition system ("SCADA") and to acquire a service center facility. The Commission requested additional information and it was received on June 26, 1986. Owen County filed an amended application on June 26, 1986, in which it requested approval to borrow funds and to execute its notes and mortgages to secure such loan. These improvements and additions, as more specifically described in the application and record, are estimated to cost \$6,672,669 and will be financed by a loan of \$4,671,000 from the Rural Electrification Administration ("REA") and a loan of \$2,107,368 from the National Rural Utilities Cooperative Finance Corporation ("CFC").

The Public Service Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that:

1. Public convenience and necessity require the construction by Owen County of the improvements and additions to its existing plant as described in the application and record, and a certificate should be granted.

2. The proposed borrowing from CFC is for lawful objects within the corporate purposes of Owen County, is necessary and appropriate for and consistent with the proper performance by Owen County of its service to the public, and will not impair its ability to perform that service.

IT IS THEREFORE ORDERED that:

1. Owen County be and it hereby is granted a certificate of convenience and necessity to proceed with the construction and additions as set forth in the application and record.

2. Owen County be and it hereby is authorized to borrow \$2,107,368 from CFC for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Owen County, at the time the first monies are drawn from CFC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

3. Owen County shall utilize the interest rate program which will result in the net lowest cost of money to Owen County over the term of the financing.

4. Owen County shall notify the Commission of the interest rate option elected for the financing approved herein along with a statement as to the basis for the decision.

5. Owen County be and it hereby is authorized to execute its notes as security for the loan herein authorized.

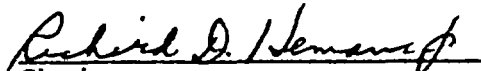
6. The proceeds from the proposed borrowing shall be used only for the lawful purposes set out in the application and record.

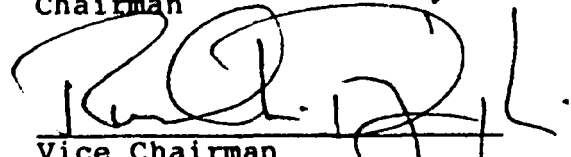
7. Owen County shall file, along with its monthly financial report to the Commission, the current interest rate on its variable rate loans outstanding.

Nothing herein contained shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 10th day of July, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary